Supreme Court, U.S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1998

Q. TODD DICKINSON,
Acting Commissioner of Patents and Trademarks,

Petitioner,

—v.—

MARY E. ZURKO, ET AL.,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF AMICUS CURIAE OF THE INTERNATIONAL TRADEMARK ASSOCIATION

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STATEMENT OF INTEREST OF THE AMICUS CURIAE

The International Trademark Association ("INTA") submits this brief in support of the Respondents to urge affirmance of the en banc opinion of the United States Court of Appeals for the Federal Circuit ("Federal Circuit"). Consents have been granted by all parties and have been filed with the Clerk.

INTA is a not-for-profit corporation whose members have a special interest in trademarks. They include the owners of

trademarks both in this country and abroad and lawyers, advertising agencies and other organizations knowledgeable about trademarks and having an interest in their protection. INTA's membership, which now exceeds 2800 members from 80 countries, crosses all industry lines and includes both manufacturers and retailers. All share the goal of emphasizing the importance of trademarks and promoting an understanding of the essential role they play in fostering effective commerce and fair competition.

INTA was founded in 1878, in part to encourage the enactment of federal trademark legislation after this country's first trademark act was declared unconstitutional. Since that time, INTA has been instrumental in making recommendations and providing assistance to legislators in connection with each subsequent trademark act, or amendment thereof, including the current statute.

INTA serves both its members and the interest of the public by disseminating information about trademarks; by publishing books and articles about their function, protection, and proper use; by conducting seminars and other educational programs; by maintaining a library of trademark information; and by making speakers or instructors available to civic organizations and other groups requesting information about trademarks.

The membership of the INTA represents a very significant and important segment of the United States business community and has substantial expertise in trademark law. It has participated in various courts as an *amicus curiae* in many cases which involved vital trademark issues.

While the instant case does not involve trademarks directly, any change in the standard of judicial review by the Federal Circuit in appeals from agency actions by the Patent and Trademark Office's ("PTO") Board of Patent Appeals necessarily effects appeals from agency actions by the PTO's Trademark Trial and Appeal Board ("TTAB").

INTA urges affirmance of the en banc opinion of the Federal Circuit. It takes no position on the merits of the case at bar. Its interest is in the broader question of the standard of judicial review to be applied by the Federal Circuit to all appeals from actions by the PTO and is participating as amicus curiae so that its views, particularly as to trademarks, can be considered on this issue.

SUMMARY OF ARGUMENT

It is the position of INTA that TTAB adjudications should continue to be reviewed by this Court under the "clearly erroneous" standard, since this standard gives deference, but not undue deference, to such adjudications and permits reversal in those instances in which the Court reaches a definite and firm conviction that a mistake has been made.

In its en banc opinion, the Federal Circuit reasoned: "Our ability to oversee complex legal determinations such as obviousness would be undermined if the board's underlying factual determinations were reviewed more deferentially for clear error". *In re Zurko*, 142 F.3d 1447, 1459 (Fed. Cir. 1998). The same rationale applies to TTAB factual determinations in trademark adjudications. Since TTAB adjudications have been reviewed under the "clearly erroneous" standard or its equivalent since the TTAB was created by the Lanham Act in 1946, and since the Administrative Procedure Act ("APA") does not preclude use of such a standard of review, INTA urges affirmance.

ARGUMENT

In the more than 50 years which have elapsed since the 1946 enactments of the Trademark Act of 1946, commonly called the Lanham Act, 15 U.S.C. Sections 1051 *et seq.*, and the APA, the Federal Circuit, and its predecessor court, has consistently reviewed TTAB adjudications under the "clearly

erroneous" standard. On this appeal, Petitioner urges that the standard of review of PTO adjudications be changed from the "clearly erroneous" standard of Rule 52(a) of the Federal Rules of Civil Procedure to the "substantial evidence" standard of Section 706(2)(E) of the APA.

Under the "clearly erroneous" standard, which the Federal Circuit has consistently applied to appeals from PTO Boards, the reviewing court must affirm unless it has a "definite and firm conviction" that a mistake has been made. *Anderson v. City of Bessemer,* 470 U.S. 564, 573 (1985). Although the district courts, which also have jurisdiction over appeals from PTO Boards (see p. 7, *infra),* apply the "thorough conviction" standard under *Morgan v. Daniels,* 153 U.S. 120, 124 (1894), the two standards are in substance the same. *Freqeau v. Mossinghoff,* 776 F.2d 1034, 1038 (Fed. Cir. 1985).

While the instant case involves an appeal from the Board of Patent Appeals, and the Petitioner's Brief does not mention the impact of his position on appeals from the TTAB, the change in the standard of review which the Petitioner seeks would necessarily be applicable to TTAB adjudications as well.

There are two types of proceedings which come before the TTAB. The first is an *ex parte* proceeding in which an applicant for registration of a trademark seeks to overcome the final refusal of a Patent and Trademark Office Examiner to allow registration of its mark. When an appeal is taken from a TTAB decision in an *ex parte* proceeding, the Commissioner becomes a party. The second type of proceeding is an *inter partes* proceedings in which one party seeks to oppose registration of an allowed application of another or to cancel a registration which has issued to another. When an appeal is taken from a TTAB decision in an *inter partes* proceedings, the Commissioner does not become a party.

The Petitioner is only interested in *ex parte* appeals in which he is a party. However, TTAB decisions in *inter partes*

proceedings are also administrative adjudications which would seem subject to the same standard of review as *ex parte* appeals. If only the standard of review for *ex parte* appeals were to change while *inter partes* appeals were to continue to be reviewed under the "clearly erroneous" standard, the result would be that a PTO Board's adjudication in *ex parte* cases, which are necessarily made upon a less complete record, would be given greater deference than its decisions in *inter partes* cases which are almost always made upon a more complete record.

Section 21 of the Lanham Act, 15 U.S.C. 1071, which applies to both *ex parte* and *inter partes* cases, provides two alternative routes to obtain judicial review for a party "who is dissatisfied with the decision of the Commissioner or the Trademark Trial and Appeal Board".

The first alternative for obtaining review of a TTAB decision is to appeal to the Federal Circuit. This alternative cannot be taken if any party, other than the Commissioner, elects to proceed with the second alternative which is an action in a district court. 15 U.S.C. 1071(a)(1). In addition, unlike appeals from a district court decision, only the United States Court of Appeals for the Federal Circuit has jurisdiction to hear a direct appeal from the TTAB. *Id.*

On appeal, the Federal Circuit reviews the decision on the record before the TTAB and "upon its determination the court shall issue its mandate and opinion to the Commissioner which shall be entered of record in the PTO and shall govern the further proceedings in the case". 15 U.S.C. 1071(a)(4). As with all other appeals, the Federal Circuit, has adopted the rationale of Rule 52(a) of the Federal Rules of Civil Procedure and has reversed factual findings which are clearly erroneous. *See, inter alia, Brunswick Corp.* v. *British Seagull, Ltd.,* 35 F.3d 1527, 1530 (Fed. Cir. 1994), *cert. denied,* 514 U.S. 1050 (1995); *In re Shell Oil Co.,* 992 F.2d 1204, 1206 (Fed. Cir. 1993); *Weiss Associates, Inc.* v. *HRL Associates,*

Inc., 902 F.2d 1546, 1548 (Fed. Cir. 1990); *In re Merrill Lynch*, 828 F.2d 1567, 1571 (Fed. Cir. 1987).

The second alternative is to commence a civil action in a federal district court. In such district court proceeding, the "record in the PTO shall be admitted on motion of any party . . . without prejudice to the right of any party to take further testimony". 15 U.S.C. 1071(b)(3). Because the parties may submit new evidence, the proceeding is, in effect, a *de novo* review. *See, e.g., E.T.F. Enterprises, Inc.* v. *Nina Ricci, S.A.R.L.*, 523 F.Supp. 1147 (S.D.N.Y. 1981). However, the decision of the PTO on fact issues is entitled to deference and will not be reversed unless "the contrary is established by testimony which in character and amount carries through conviction". *A.S. Beck Shoe Corp.* v. *Brenner, Comr. Pats.*, 299 F.Supp. 1362, 1364 (D.D.C. 1969); *Sprinklets Water Center, Inc.* v. *McKesson Corp.*, 806 F.Supp. 656, 659 (E.D. Mich. 1992); *CVP Systems, Inc.* v. *M-Tek, Inc.*, 1994 WL 531556, 32 USPQ2d 1951 (N.D. Ill. 1994). In an opinion which traces the history of the "thorough conviction" standard, the Federal Circuit held that there was no substantive difference between the "thorough conviction" and the "clearly erroneous" standards. *Fregeau v. Mossinghoff, supra.*

In rendering its decision, the district court reviews the TTAB decision and provides a complete, thorough and adequate remedy. "The court may adjudge that an applicant is entitled to a registration upon the application involved, that a registration involved should be canceled or such other matter as the issues in the proceeding require. . . . Such adjudication shall authorize the Commissioner to take any necessary action upon compliance with the requirements of law". 15 U.S.C. 1071(b)(1).

If a party is dissatisfied with the result in the district court, it can appeal to a federal court of appeals. On such appeal, the district court's factual findings will not be reversed unless clearly erroneous as required by Rule 52(a) of the Federal

Rules of Civil Procedure. *Fuller Products Co.* v. *Fuller Brush Co.*, 299 F.2d 772 (7th Cir. 1962), *cert. denied*, 370 U.S. 923 (1962); *Wells Fargo & Co.* v. *Stagecoach Properties, Inc.*, 685 F.2d 302 (9th Cir. 1982).

If, as Petitioner contends, the Federal Circuit were to be required to review appeals to it from decisions of PTO Boards under the "substantial evidence" standard while the district courts were to continue to review direct appeals under "thorough conviction" standard of *Morgan v. Daniels,* an appellant from a TTAB decision could avoid the "substantial evidence" standard merely by electing to appeal to a district court.

The standard of review of TTAB adjudications should not differ depending on which one of the statutory alternatives is chosen by the aggrieved party. *See, e.g., In re Lueders*, 111 F.3d 1569, 1577 (Fed. Cir. 1997), in which the Court discussed the anomaly that could result if the standard of review depended upon the appeal alternative chosen. Decisions of the TTAB should be given no greater deference on appeals to the Federal Circuit then on appeals to a district court or when the latter is further appealed to a regional court of appeals.

INTA is not aware of any appeal from a TTAB adjudication in which a party has argued that the standard of review should be other than the "clearly erroneous" standard, until the Commissioner recently started to urge such a result to the Federal Circuit. The reasons for this appear to be those enunciated by the Federal Circuit, namely, that the heightened level of scrutiny is an "additional requirement" under Section 559 of the APA and *stare decisis,* and the fact that Section 704 of the APA makes the APA inapplicable to situations where the Congress has provided special and adequate review procedures. *See, Bowen v. Massachusetts,* 487 U.S. 879, 905 (1988).

CONCLUSION

INTA urges this Court to affirm the en banc decision of the Federal Circuit and allow it to continue its long-standing practice of review of PTO Board adjudications, including TTAB adjudications under the "clearly erroneous" standard. This standard gives proper deference to the TTAB decision while permitting the Court to reverse in those instances in which the Federal Circuit reaches a definite and firm conviction that a mistake has been made.

Respectfully submitted,

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